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SUBJECT: CROATIAN PM SANADER RESIGNS

- 11. (U) At 2:15 p.m. on July 1 Prime Minister Ivo Sanader announced that he had resigned his premiership earlier in the day just three days ahead of the his party,s, Croatian Democratic Union (HDZ), annual party congress, without specifying an exact reason for his actions. Sanader proposed Deputy Prime Minister Jadranka Kosor to replace him as the new Prime Minister and indicated that he had consulted with Croatian President Stjepan Mesic and the HDZ ruling coalition partners before announcing his decision. Sanader stated that HDZ coalition government would survive his resignation and that Jadranka Kosor could count on at least 83 votes in the Sabor, where it takes 77 seats to form a majority. The HDZ,s main coalition partners the Croatian Peasants, Party (HSS) and the Croatian Social Liberal Party (HSLS) have not made any public statements yet about their intentions.
- 12. (U) The Prime Minister denied that he was resigning for health reasons or to take another position. He stated hi time for running the government had simply ended and it was time for other to assume leadership. He also announced several changes to the HDZ,s party leadership indicating that Jadranka Kosor would also take over as party president with Minister of Health Darko Milinovic as her deputy. He also indicated that Minister of Regional Development Petar Cobankovic, Finance Minister Ivan Suker, Transport Minister Bozidar Kalmeta, Deputy Parliamentary Speaker Vladimir Seks and HDZ party caucus leader Andrija Hebrang would continue to be HDZ vice presidents. Additionally secretary general of the HDZ Ivan Jarnjak would become a vice president and current HDZ vice president Branko Bacic would become the new party secretary general.

13. (SBU) COMMENT: It is not certain at this point that HDZ coalition government will hold together in the coming weeks, but it looks likely. Kosor takes the reins of the government amidst a darkening budget situation, an economy in recession, and stalled talks regarding Croatia,s EU bid. The HDZ as a party has 66 votes in parliament and will need to keep the 6 votes of the Peasant Party and 2 of the Social Liberals, as well as 3 additional votes from either minority representitives (8 total votes) or other smaller parties, such as the Croatian Pensioner Party (1), the Croatian Party of Rights (1), or independents representatives (2). END COMMENT. BRADTKE